

**Title XVII Loan Guarantee Program
Nuclear Power 2008 Solicitation
Frequently Asked Questions**

Q1. How will our Point of Contact (POC) be established?

- R1.** A POC will be assigned to each application upon receipt by DOE of a completed Part I application and a decision by DOE to begin negotiations with an applicant. Prior to such time, questions concerning the solicitation should be submitted by email to DOE at lgprogram@hq.doe.gov with the subject line including “RENUPWR Solicitation Question.” Assignment of a POC does not indicate that an applicant has been or shall be approved for a loan guarantee.

Q2. How would filing in late August affect their chances vis a vis an earlier or later filing?

- R2.** Please refer to Solicitation Number DE-PS01-08LG00002, Section IV, Paragraph 3 “Initial Project Ranking.” It states in part, “In order to encourage submissions of substantially complete applications as early as possible after the date of this solicitation, applications will be reviewed on a continuous basis as they are received. Early applicants will enjoy a first mover’s advantage in terms of order of priority of review.”

The early submissions of a Part I application and its date are not in of themselves evaluation criteria.

Q3. Do the initial rankings based on Part I applications reflect the probable recipients?

- R3.** No, projects cannot be recommended to DOE’s Credit Review Board for due diligence, underwriting and negotiation without receipt and evaluation of a substantially completed application. Only a fully complete Part I application together with a substantially complete Part II application shall constitute a “substantially complete application” for purposes of selection for due diligence, underwriting and negotiation as per the terms of the solicitation.

Please refer to Solicitation Number DE-PS01-08LG00002, Section IV, Paragraph 4 “Self-Selection” which states in part, “DOE’s initial rankings of the applications will provide applicants information to assist in their making a self-selection decision as to whether to proceed with the cost and effort of completing a full application, including Part II.... At the same time, this rankings process is not intended to discourage initially less robust candidates from continuing the application process and eventually qualifying based on superior Part II submissions or, alternatively, being well positioned in the event a front runner drops out or the amount of available loan guarantee authority is subsequently increased.”

Q4. How will the status of an application be affected by proposing an 80% debt/20% equity project financing plan as opposed to a lesser debt/equity ratio?

- R4.** Please refer to Section 609.7 (a) of the Final Regulations (as defined in the Solicitation Number DE-PS01-08LG00002) which states in part, “Greater weight will be given to applications that rely upon a smaller guarantee percentage all else being equal.” Further Section 609.7 (b) of the Final Regulations states “In evaluating Applications, DOE will consider the following factors ...

(7) The amount of equity commitment to the project by the Applicant and other principals involved in the project;... and (16) "Such other criteria that DOE deems relevant in evaluating the merits of an Application."

- Q5. Will submission to the DOE of the extensive environmental reports already submitted to the NRC satisfy the requirements of Attachment B and other environmental requirements of the solicitation? The NRC requires extensive environmental reports and it would be most effective to submit that environmental report rather than summarizing the 8 categories as described in Attachment B. A matrix that would cross reference the NRC environmental report to the 8 categories could be provided.**
- R5.** DOE will accept environmental reports already submitted to the NRC if they are accompanied by a matrix or some other document which cross-references the NRC environmental report to the environmental requirements set forth in the Solicitation; however, Applicants remain responsible for assuring that their submissions meet the requirements of the Solicitation.
- Q6. What would be preferable for a structure that contemplates the use of undivided interests; for **each party** to file for loan guarantee support separately or to file together?**
- R6.** DOE will evaluate each application, including those contemplating the use of undivided interests, on a case-by-case basis. Applicants are ultimately responsible for assuring that their applications satisfy the requirements of Title XVII and the Final Regulations for a loan guarantee, including those with respect to the security interest in the project which will benefit the guaranteed portion of the Guaranteed Obligations and DOE's rights upon a default. In order for DOE to fully evaluate an application contemplating the use of undivided interests, the application should include (a) a discussion of the security interest benefitting the guaranteed portion of the Guaranteed Obligations and (b) financial information with respect to each owner of an undivided interest in the project.
- DOE is willing to consider either joint or separate applications from owners of undivided interests. Separate applications should include a common document addressing all information required respecting the project itself, including an outline of the nature of the project, responsible parties for various aspects of the project, proposed terms of the EPC contract, particulars on the technology, the submission to the Nuclear Regulatory Commission, and NEPA matters. Documentation outlining the proposed project governance contract and similar matters should also be submitted.
- Q7. Please clarify whether the Rating Agencies should rate the project assuming the anticipated level of detailed design at expected financial close or at the current level of detailed design.**
- R7.** The rating agencies should rate the project as if the project were without a loan guarantee but otherwise in the condition expected at financial close. The rating agencies should cite assumptions made as part of any rating letter. Applicants should verify the compliance with the above guidance directly with the respective rating agency providing any credit assessment submitted with its Application.

- Q8.** Please clarify DOE's expectation with respect to which entity will apply, and attest to the information provided in the application, for the loan guarantee. For example, please confirm that if a Project Company will be the "borrower" that it is appropriate: (i) for such entity to apply as the "Applicant"; (ii) the Application would therefore only need an executed "Evidence of Authority" (*i.e.*, Section A.2 of the Part I Application) for the Applicant (and not any associated project sponsors); and (iii) the Application also would only need to include an "Applicant Validation Statement" (*i.e.*, Section A.3 of Part I of the Application) for the Applicant (and not any associated project sponsors).

As a related matter, to the extent the Solicitation seeks information (attestations and otherwise) regarding "project sponsors" please confirm that the Applicant has the discretion to identify the relevant "project sponsors" within its ownership chain (*i.e.*, DOE does not anticipate information and/or attestations from all upstream entities, such as intermediate holding companies).

- R8.** Any person or entity meeting the definition of "Applicant" under the Final Regulations, including a project company, may file an application for a loan guarantee under the Solicitation. A Project Sponsor may also be an Applicant.

The Application requires information relating to parties who own or control a five percent or greater interest in the project or the Applicant or are providing financial backing for the Applicant. Additionally, the Application requires information relating to the experience and resources of the Project Sponsors as DOE contemplates that an Applicant will need to rely on its Project Sponsors' experience and resources to demonstrate the Applicant's ability to complete the project. Since the Application (and the application process) will include information relating to the Project Sponsors, DOE requires that the signatory of the Application has authority on behalf of each Project Sponsor to attest to the accuracy of all statements respecting such Project Sponsor and to bind such Project Sponsor to any commitment made by such Project Sponsor which is reflected in the Application with respect to the financing of the project or otherwise. Section A.2 of Part I of the Application implements Section 609.6(b)(1) of the Final Regulations which requires that a completed Application form be "signed by an individual with full authority to bind the Applicant and the Project Sponsors."

The "Applicant Validation Statement" required by Section A.3 of Part I of the Application implements Section 609.6(b)(23) of the Final Regulations and is a statement of the Applicant.

Please refer to the Solicitation and the Final Regulations with respect to disclosure required about ownership and owners. In some instances, information is required about parties who own or control interests in the Applicant or the project but which are not themselves "Project Sponsors."

- Q9.** Do we need a commitment/interest letter from a bank if we plan to get Federal Financing Bank (FFB) financing?
- R9.** An Applicant requesting to borrow money from the Federal Financing Bank (FFB) for a project should include a statement in its Application that it intends to request financing from the Federal Financing Bank, although no letter from the Federal Financing Bank is required. When an Applicant requests Federal Financing Bank financing, the Application would still need to comply with all requirements of Section 609.6(b)(13) of the Final Regulations.